



# Statement of the U.S. Chamber of Commerce

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**ON:** "PROTECTING THE HOMELAND: BUILDING A LAYERED  
AND COORDINATED APPROACH TO BORDER  
SECURITY"

**TO:** SUBCOMMITTEE ON INFRASTRUCTURE AND BORDER  
SECURITY OF THE HOUSE SELECT COMMITTEE ON  
HOMELAND SECURITY

**BY:** RANDEL K. JOHNSON

**DATE:** JUNE 15, 2004

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The Chamber's mission is to advance human progress through an economic,  
political and social system based on individual freedom,  
incentive, initiative, opportunity and responsibility.

**Testimony of Randel K. Johnson**  
**Vice President for Labor, Immigration & Employee Benefits**  
**U.S. Chamber of Commerce**

**Before the**  
**House Select Committee on Homeland Security**  
**Subcommittee on Infrastructure and Border Security**

**“Protecting the Homeland: Building a Layered and Coordinated Approach to  
Border Security”**

**June 15, 2004**  
**11:00 A.M.**

Mr. Chairman, members of the Committee, I would like to thank you for the opportunity to testify today on border security and economic issues. I am Randel K. Johnson, Vice President for Labor, Immigration and Employee Benefits at the United States Chamber of Commerce.

The U.S. Chamber of Commerce is the world's largest business federation, representing more than 3 million businesses. The Chamber's federation includes state and local chambers throughout the United States and also includes 98 American Chambers of Commerce abroad (AMCHAMs) located in 86 countries, which represent American companies and individuals doing business overseas as well as foreign companies with significant business interests in the United States. Because of their role at the crossroads of international business, we believe the AMCHAMs are excellent barometers of the strength of our international relationships.

Chamber members with interest in the secure and efficient movement of legitimate travel and trade at our borders include companies and organizations in the travel and tourism industries, companies that import or export goods and services through our ports of entry, companies that do business with international customers and clients, and companies that employ an international workforce. Chamber members on both the U.S.-Mexico and U.S.-Canada borders, including local chambers of commerce and American Chambers of Commerce abroad that conduct business between the United States and other countries, also have a great interest in the implementation and efficiency of our border security.

I would also like to note that I am the chair of the Americans for Better Borders (ABB) coalition, which unites regional business organizations and a wide array of companies and national trade associations representing manufacturing, hospitality, tourism, transportation, recreation and other industry sectors to work to ensure that the efficient flow of commerce and tourism across our borders while addressing national security concerns.

The Chamber and ABB coalition were instrumental in the creation and passage of the Data Management Improvement Act (DMIA) of 2000, which set the current deadlines for implementation of the US-VISIT entry-exit program and established the DMIA Task Force, a public-private group chartered in 2001 by the Attorney General to evaluate and make recommendations on how the flow of traffic at United States airports, seaports, and land border ports of entry (POE) can be improved while enhancing security. I was privileged to be named by the Attorney General to represent the U.S. Chamber on the Task Force in 2002 and to serve on the Task Force and sign its two reports to Congress, one in 2002 and one in 2003.

We are all aware of the new environment in which not only business, but all of us must live. The need for security to protect us from another horror such as September 11 is very real. The U.S. Chamber has pledged its support for the broad ranging efforts to secure our homeland, was involved in the shaping of the legislation which created the Department of Homeland Security, and “key voted” in support of the legislation in both the House and the Senate.

The U.S. Chamber agrees with the Committee’s theme for this hearing, that there must be a layered and coordinated approach to our nation’s security to be truly successful. Border security must start before the traveler arrives at our ports of entry, and we must use technology to make the best use of our security resources to focus on high-risk or unknown travelers and expedite legitimate, low-risk and frequent trade and visitors. We need to have both secure borders and an efficient and predictable visa and entry process. The Chamber strongly supports these policies; I only wish to emphasize that we are concerned by the way these policies are currently being implemented and by the uncertainty of what they will look like in the future.

When Congress created the Department of Homeland Security in 2002, it saw fit to include two provisions we strongly supported: creating a special office in charge of reaching out to the private sector (a particularly important function as the Department got up and running) and making clear that part of the Department’s mission is to include consideration of America’s economic security as the Department strives also to protect our national security. These provisions, along with those in Title IV of the implementing legislation relating to borders and transportation which reflect the need, consistent with national security, to “ensure the speedy, orderly, and efficient flow of lawful traffic and commerce,” I believe went a long way in addressing concerns at the time that the new Department would pursue a “fortress America.” That is, many were concerned that the new Department would pursue aggressive security measures without weighing the

negative economic impact on the country as a whole that could result from significant increases in barriers and delays at our borders. As Chamber President and CEO Tom Donohue has said, we need to ensure “that in the pursuit of security we don’t lose our mobility and our economic freedom. Mobility and security must go hand-in-hand. Sacrifice one for the other and we’ll pay a horrific price.”

And, indeed, Secretary Ridge at the Department of Homeland Security, Secretary Powell at the Department of State and even President Bush, have repeatedly reassured those of us outside that the government will continue to search for ways to both improve security and to expedite, or at least not significantly hinder, legitimate international commerce, travel and immigration.

On the cargo side, we must say that the government has made a great start on meeting the dual goals of security and efficiency, through programs such as the Customs-Trade Partnership Against Terrorism (C-TPAT), the Free and Secure Trade program (FAST), and the Container Security Initiative (CSI). C-TPAT is a voluntary program by which businesses (including importers, carriers, brokers, warehouse operators and manufacturers) can work with Customs and Border Protection (CBP) to ensure the integrity of their security practices and receive the benefit of reduced border processing. The FAST program is a bilateral initiative between the United States and Canada that builds on the C-TPAT model and Canada’s similar program, the Partners in Protection (PIP). C-TPAT and PIP carriers, drivers and importers can receive expedited processing at the U.S.-Canada border. The CSI is a program in which teams of CBP officers are deployed to participating foreign sea ports to work with officials of the host government to target cargo containers bound for the U.S. that might pose a threat. These programs have successfully “pushed out the border,” engaged the cooperation of the private sector, and added to the risk-based, layered approach that is the topic of this hearing and we commend CBP for their implementation.

However, not nearly as much progress has been made on the travel side. Only a few programs, such as the NEXUS and SENTRI programs, use the same risk-based pre-clearance strategies that have been implemented in the cargo area. NEXUS and SENTRI successfully enroll thousands of border crossers, who voluntarily undergo pre-clearance and background checks—in the case of NEXUS by both the United States and Canada—and prove themselves to be low-risk crossers.<sup>1</sup> By doing so, they are able to use dedicated lanes at certain border crossings and speed their travel. These two programs are successful models of meeting the dual missions of security and efficiency. By identifying these individuals as low-risk, placing them through thorough security checks prior to their arrival at the border, and then allowing briefer inspections at the ports of entry, these programs model the layered approach that we support.

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<sup>1</sup> The NEXUS program issues individual passenger radio frequency (RF)-enabled proximity cards for frequent travelers on the northern border. The SENTRI program operates on the southern border and provides an RF-enabled vehicle tag with associated data for all passengers registered within the vehicle. Over the next couple of years, the two programs will be merged and the NEXUS individual passenger-based technology will replace SENTRI on the southern border. Source: Department of Homeland Security, Request for Proposals for US-VISIT Program Prime Contractor Acquisition, RFP No. HSSCHQ-04-R-0096, November 28, 2003, p. 23.

In fact, the DMIA Task Force in its 2002 report emphasized the expansion of these programs as integral to the eventual success of any entry-exit system at the land borders. We understand that a similar program for air travel from Canada (NEXUS Air) is in development, and we strongly encourage CBP to speed such a program to the traveling public. We also encourage the Committee, as it is considering the first ever authorization legislation for the Department of Homeland Security, to not only encourage these types of programs through specific authorizing language, but also provide resources for their expansion, maintenance and improvement to encourage as many as possible to enroll.

CBP Commissioner Bonner in March 2004 announced a new initiative that will also build on this layered approach, the Immigration Security Initiative (ISI). Based on reports from CBP, the ISI will post teams of CBP officers at major international airports around the world from which travelers embark to the United States. Much like their counterparts in the Container Security Initiative, the ISI teams will work with foreign governments and law enforcement, as well as use its own resources to target inadmissible persons and prevent them from boarding planes to the U.S. As a “middle layer” of security between the consular post and the port of entry, this program has the promise to further “push out our borders” for passengers.<sup>2</sup>

We support the concepts underpinning the ISI; however, the success of this program to facilitate legitimate travelers and reduce unnecessary inspections and screening at the ports of entry will depend heavily on the validity and detail of the targeting information, data and intelligence used to flag inadmissible persons. We would want to be sure that travelers will have an expedited means of clearing up any “false” negatives, to ensure their continued travel to the United States as quickly as possible. As important as such partnerships and targeting may be, the best assurance of stopping inadmissible persons is full pre-inspection, where actual U.S. inspections and admissions are recorded at foreign airports prior to departure. These programs are currently in place in several airports in Canada, Ireland, the Caribbean and elsewhere, and we would encourage CBP to evaluate expansion of these programs as well.

However, in spite of these successes and new initiatives for travelers, they are still quite limited. For the majority of travelers, there is a “one-size-fits-all” approach to screening and security. That is, everyone is seen as a risk. I believe there is concern among those of us in the private sector, the traveling public and border communities, that we are not much closer to finding the right balance between security and facilitation. Constantly tightening policy responses and approaching deadlines for still greater changes only increase the concern. These changes include: increased visa referrals for security checks, requirements for in-person visa interviews, upcoming deadlines in October of this year for Machine Readable Passports and biometrics for Visa Waiver Program (VWP) visitors, the inclusion of these visitors in September in the US-VISIT system at air and seaports, which includes fingerprinting more than 13 million visitors

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<sup>2</sup> “Immigration Security Initiative: New Layer in Homeland Defense,” Customs and Border Protection Today, May 2004, found at <http://www.cbp.gov/xp/CustomsToday/2004/May/isi.xml>.

annually from countries around the world, and full implementation of US-VISIT at the 50 busiest land borders in December 2004 and the remaining land ports in 2005.<sup>3</sup>

Indeed, there is a growing perception abroad and in border communities that, in spite of the rhetoric, America *is* turning into a fortress. And this perception, based on reality, is hurting American businesses. A recent study by eight business organizations estimated that visa problems alone have cost more than \$30 billion to the economy in lost revenues and other indirect costs.<sup>4</sup> And recent Department of Commerce data shows a drop of more than \$17 billion in services trade surplus from 2000 to 2002, with a drop of \$17.3 billion in travel exports between 2000 and 2003, and a more than \$5 billion drop in passenger fares.<sup>5</sup> Cross border visits along our land borders are also down. According to Department of Transportation data, inbound passenger vehicle crossings were down almost 20 million between 2000 and 2002 on the Canadian border, and down over 40 million across the U.S.-Mexico border. Between 2000 and 2002 inbound truck crossings at the U.S.-Mexico border decreased almost 100,000, with a decrease of more than 220,000 between 2000 and 2001. On the Canadian border, inbound truck crossings decreased almost 300,000 between 2000 and 2001, and are down 100,000 from 2000 to 2002.<sup>6</sup> And, as anyone in these border communities can tell you, fewer crossings means less business and heavy impacts to the economy.

We have met in the last year, and continue to meet with representatives from many stakeholders in border communities, including local chambers of commerce, businesses and community representatives both as part of my work on the DMIA Task Force and on behalf of the Chamber. As the December 2004 deadline for US-VISIT land border implementation approaches, there is a very strong feeling that the local communities and businesses have made their serious concerns about entry-exit procedures known to various people in the government (and us) but are wondering if there is a real understanding of the challenge and stakes involved. Although recent official descriptions of how the US-VISIT system will be implemented at land borders does indicate that the Department of Homeland Security is at least listening to these concerns, the border communities are still skeptical that the entry-exit procedures embodied by US-VISIT can be put in place by December without a significant and negative impact on cross border traffic.

This adverse impact is already being felt on the visa front. Our American Chambers of Commerce around the world report they are actually losing business to

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<sup>3</sup> For a useful overview of various deadlines, see GAO Report 03-563, "Homeland Security Needs to Improve Entry Exit System Expenditure Planning," pages 48-50.

<sup>4</sup> *Do Visa Delays Hurt U.S. Businesses*, Prepared by the Santangelo Group for the Aerospace Industries Association, the American Council on International Personnel, the Association for Manufacturing Technology, the Coalition for Employment through Exports, the National Foreign Trade Council, the U.S.-China Business Council, U.S.-Russia Business Council, and the U.S.-Vietnam Business Council, June 2, 2004, available at [www.nftc.org](http://www.nftc.org).

<sup>5</sup> Source: Department of Commerce, Bureau of Economic Analysis, Balance of Payments (International Transactions) data, 1960-present at <http://www.bea.doc.gov/bea/di/home/bop.htm>.

<sup>6</sup> Source: Bureau of Transportation Statistics, Department of Transportation, available at [http://www.bts.gov/programs/international/border\\_crossing\\_entry\\_data/](http://www.bts.gov/programs/international/border_crossing_entry_data/).

European and other competitors because of the difficulties in obtaining visas for their customers and clients, supporting the results of the study mentioned above. Impending changes to the VWP will disproportionately affect key American allies and trading partners such as the United Kingdom and Japan, both of whose governments have stated that, in spite of their best efforts, they will not be able to meet the October 26, 2004, deadline which will require VWP countries to begin issuing passports with biometric identifiers. In fact, the Department of State has stated it will not be able to issue U.S.-biometric passports until next year. We strongly support legislation to be voted on in the House this week that would extend the VWP deadline. This is an issue of the highest importance for U.S. companies doing business in the 27 countries in the VWP.

Turning back to the borders, the DMIA Task Force submitted two reports to Congress, one in 2002 and one in 2003. The 2002 report focused on what was then the entry-exit system and detailed numerous challenges to implementing such a system, including the differentiation required for the modes of entry (land, sea, and air) and differences between the northern and southern land border environments. In 2003, the Task Force report detailed the significant challenges facing our ports of entry in terms of infrastructure and technology and the need for greater cooperation and coordination among federal agencies with border responsibilities, with state and local governments, and the private sector. Significantly, in reviewing the progress to date on the US-VISIT system in 2003, the Task Force report included the following recommendation:

That the first phase at air and sea [Ports of Entry] be reviewed and evaluated no later than 6 months after implementation by an independent body. This evaluation must consider the program's effect on national and economic security and international trade and travel. Congress should consider any recommendations from the independent review and evaluation and also reconsider deadlines for all other entry-exit statutory requirements. It is further recommended that any mandates in this area receive appropriate funding.<sup>7</sup>

We note that no thorough evaluation of the air and sea implementation of US-VISIT has yet been done to our knowledge—and the deadlines for land implementation are fast approaching.

The Chamber, its members, and the ABB coalition fully support the efforts of the Department of Homeland Security to improve the security at our ports of entry and borders and we recognize that the Department faces many difficult challenges. We do not oppose the US-VISIT system; the Department has worked hard over the last year to listen to the concerns of business and has made significant strides in adopting systems that attempt to balance the need for security and the continued facilitation of legitimate travel at our ports of entry. However, the U.S. Chamber and its members remain very concerned that, if the US-VISIT system is implemented improperly, we risk serious economic harm by impeding the billions of dollars in cross-border trade (particularly at

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<sup>7</sup> *Data Management Improvement Act Task Force Second Annual Report to Congress*, Department of Homeland Security, December 2003.

our land borders) and deterring the millions of legitimate visitors to our country, who also spend billions of dollars within our borders.

Frankly, there is a concern that the government may be acting without sufficient planning and testing to ensure the systems will not adversely impact commerce and travel. And it is not an overstatement, given the enormity of our cross-border traffic, to say that there is literally no room for error. In fact, the recent GAO report on the US-VISIT expenditure plan noted the lack of sufficient testing plans or structures.

DHS has not employed rigorous, disciplined management controls typically associated with successful programs, such as test management, and its plans for implementing other controls, such as independent verification and validation, may not prove effective. More specifically, testing of the initial phase of the implemented system was not well managed and was completed after the system became operational. In addition, multiple test plans were developed during testing, and only the final test plan, completed after testing, included all required content, such as describing tests to be performed. Such controls, while significant for the initial phases of US-VISIT, are even more critical for the later phases, as the size and complexity of the program will only increase.<sup>8</sup>

We submitted comments to the Department of Homeland Security on its interim final rule implementing the US-VISIT requirements for visa travelers at air and seaports on February 4, 2004. Some of these comments have been echoed in the recent GAO report just cited. I would briefly like to highlight some of our concerns regarding the air implementation here today.

First, although major delays in international arrivals have not been reported from the implementation at US-VISIT at airports so far (we do not have information about the sea port implementation), we are extremely concerned about the capacity of the system to absorb additional travelers and additional data, as we enter the peak travel season, particularly with the inclusion of Visa Waiver travelers by the end of September.<sup>9</sup> This concern arises on the technology, personnel, and infrastructure level. The US-VISIT program has so far been operational only during the lowest period for international travel to the United States during the year. As travel season picks up this summer, we expect additional travelers to arrive requiring enrollment in US-VISIT.

We also noted that CBP, as an insurance against delays, deployed additional personnel to airports in the initial days of the US-VISIT implementation. Yet GAO further noted that the US-VISIT office does not project any increased personnel requirements for the US-VISIT program.<sup>10</sup> If additional travelers during peak season or

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<sup>8</sup> "First Phase of Visitor and Immigration Status Program Operating, but Improvements Needed," General Accounting Office Report GAO-04-586, May 2004.

<sup>9</sup> Approximately 13 million Visa Waiver Program entries would be included in the system, according to DHS data.

<sup>10</sup> "Finally, DHS's plans for future US-VISIT resource needs at the land ports of entry, such as staff and facilities, are based on questionable assumptions, making future resource needs uncertain." *Ibid.*



additional classes of travelers are required to be enrolled in the US-VISIT system, it is hard to imagine that additional staff will not be necessary to avoid delays. We would strongly urge CBP to devote adequate staff to ensure expeditious processing of all international travelers.

We also have concerns about the proposed exit system for airports, which is still in the development phases. The current system of exit confirmation is the testing of self-service kiosks located near the passenger security checkpoints at airports. While the concept of a self-service checkout is appealing, and certainly is the least likely to cause disruption or additional backups for departing travelers, the lack of information provided to travelers and the seeming “voluntariness” of the system may, in fact, reduce the effectiveness of the exit system in actually recording departures. The self-service kiosk also provides the traveler with no documentary evidence that he or she has complied with the exit verification, and, therefore, should any discrepancy arise, the traveler will be at a loss to prove compliance.

Given these discrepancies, any method of exit verification must include clear directions to the traveler *upon entry* as to the need to “check out” upon departure and the means by which to do so. Since initially the exit capability will not be available at all airports, we predict a great deal of confusion by travelers as to the exit requirement. We have already received questions via our American Chambers of Commerce overseas regarding whether travelers must exit from designated airports, and if they do not, how their exit will be registered and whether it will impact their ability to return to the United States in the future. A great deal of outreach to travelers (in multiple languages) must be made to avoid inadvertent noncompliance with any requirements for exit verification. We would strongly urge a period of time during which any negative impacts from failure to register are waived until it is clear that most travelers understand and are able to comply with the exit requirements.

Of course, the largest challenge to the US-VISIT program remains the land borders. The circumstances of travel at land borders are monumentally different than at air and seaports and the hurdles are immeasurably higher. The unique situation of the land borders was discussed extensively in the 2002 DMIA Task Force Report to Congress. The report stated:

There is a marked difference between an inspection conducted at an air or sea POE [port of entry] and one conducted at a land border. Because of their varied status, divergent points of origin, unfamiliarity with requirements and regulations, and the increased risk to the U.S., most applicants for admission at seaports and airports receive a comprehensive inspection that includes mandatory data systems checks. In contrast, the great majority of persons arriving at land border POEs are residents of the border area who cross frequently and are familiar with requirements concerning their entry into the U.S. and receive an inspection that may include data systems checks. The vast majority of all border crossings into the U.S. occur at land border POEs.... Border traffic includes U.S. citizens who leave and reenter the U.S. multiple times daily, permanent residents who make

multiple entries, and aliens who hold non-immigrant visas or border crossing cards and commute back and forth daily or weekly from Canada or Mexico. Individuals can cross land borders as pedestrians, on bicycles, in cars, rails, buses, trucks, or other vehicles.<sup>11</sup>

In fact 80% of all inspections take place at the land borders; over 358 million inspections in 2002 were conducted at land borders, compared to 78 million at airports and 12 million at seaports.<sup>12</sup> The land borders also see the crossing of \$540 billion in surface trade between the United States, Canada and Mexico.<sup>13</sup> As these facts and statistics reveal, the land borders represent a significantly larger challenge for the Department in order to ensure that the implementation of US-VISIT does not impede legitimate commerce and travel.

I do wish to emphasize that there is more at stake here than dollars and cents. The way we go about securing our nation has a profound impact on how other countries view us. It is also about a way of life that is intrinsic at our borders. These communities are so intertwined with those across the border that not just jobs, but whole lives, could be changed along with the fabric and social underpinnings of these communities if we are not careful about our approach.<sup>14</sup>

Therefore we also urge that as the US-VISIT program is developed it be coordinated with other programs at the land borders, including NEXUS, SENTRI and the FAST clearance for truck operators. But especially we urge that DHS actively, and quickly, provide the border communities with a detailed description of the programs to be implemented and how, so that inaccuracies, rumors and fears may be quelled. The time for generalities has passed and communities need a detailed explanation, port-by-port as to how US-VISIT will be up and running by December 2004. These communities, which know the day-to-day realities, should be given the chance to comment both formally and informally on the proposed implementation, and provide input and feedback to ensure that their, and our, worst fears are not realized.

In conclusion, we know that our borders and ports of entry cannot be our first line of defense, but the last in a series of layers, that begins when a foreign traveler decides to visit the U.S. at our embassies and consulates abroad. Many necessary changes have already been made in our visa process, but not without impact.

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<sup>11</sup> *Data Management Improvement Act Task Force First Annual Report to Congress*, December 2002, p. 11.

<sup>12</sup> Source: PAS G-22.1 *INS Statistics*, cited in *Data Management Improvement Act Second Annual Report to Congress*, December 2003, p. 15.

<sup>13</sup> Bureau of Transportation Statistics, U.S. Department of Transportation, *North American Merchandise Trade by U.S. State and All Land Modes*, 2002, [www.bts.gov/ntda/tbscd/reports/annual02/state/us\\_trade\\_2002\\_all.html](http://www.bts.gov/ntda/tbscd/reports/annual02/state/us_trade_2002_all.html).

<sup>14</sup> We have attached to this testimony the results of a recent survey we conducted of local chambers of commerce in communities along the borders with Canada and Mexico which give detail regarding the economic and social impact of border changes on their communities. The results include economic impact studies, resolutions of concern by local chambers of commerce, and other statements regarding the border.

America's trade relationships, our diplomatic relationships, our cultural relationships and our academic relationships with the rest of the world depend a great deal on the ability of people to travel to the United States. The ability of any of these transactions to happen depends on the timeliness, predictability and efficiency of our visa and immigration system. Unfortunately, these qualities have been sorely lacking. Specifically, the changes to the visa system over the last year have strained many of our business and international relationships, and have created problems and costs for our economy, as described above. We need to be pro-active in quickly correcting these negative perceptions, and further refining our necessary procedures. Once patterns of travel, trade and educational and cultural exchange are reestablished with other nations, it will be difficult for the United States to get them back. We understand that the Department of Homeland Security is currently undertaking a thorough review of the visa system, with an eye toward these goals of security, efficiency and timeliness and we welcome that review, and hope we will have an opportunity to participate with the Department in reengineering this process.<sup>15</sup>

Let me reiterate that we understand the concern for security, and the Chamber fully supports efforts to improve our screening of persons who wish to come to this country. However, as stated above, we must look for those processes that can achieve that objective without sacrificing the efficiency and timeliness of our system. Our largest concern is that new policies seem to have been put in place with inadequate consideration of the need for coordination and communication with the private sector, or the real resource needs to efficiently carry out these changes.

We are also aware that many of these changes are being prompted by Congressional mandates, with tight deadlines. We believe that Congress must take a realistic look at what it hopes to accomplish in such a short time, and the costs, to the taxpayers, to our economy and our foreign relations of moving forward without adequately gauging the impacts. While deadlines may impart the seriousness of the imperative, deadlines that cannot be met provide a false sense of security.

None of this is to discourage efforts within the government agencies to deal with the very difficult questions of how to ensure that the next terrorist cannot penetrate our border protections—whether at the consulates overseas or at the ports of entry. In the end, it is the quintessential job of government to protect its citizens, and progress has been made. But we urge those with this responsibility to listen to the very real concerns of those who must live with the decisions they make.

I wish to thank you for this opportunity to share the views of the U.S. Chamber of Commerce and I look forward to your questions.

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<sup>15</sup> Tom Donohue, the President and CEO of the U.S. Chamber, has written to both Secretaries Ridge and Powell regarding visa processing and has suggested that a private sector advisory committee be created on this issue. The Chamber will soon be submitting detailed suggestions to the Department of Homeland Security to improve visa processing.

## **U.S. Chamber of Commerce Border Survey March 2004**

The following represents a sampling of the responses we received to an informal survey of local chambers of commerce on the Canadian and Mexican borders in March 2004 regarding the potential impact of border security measures, including the proposed US-VISIT system, on their communities and economies.

### Texas

The Laredo Port of Entry is the busiest commercial crossing on the U.S.-Mexico border, handling more than 9,000 trucks and over 900 rail cars each day. The Port of Laredo processed more than \$32 million in exports and almost \$47 million in imports from Mexico in 2002. In addition, the crossings in Laredo process almost 25,000 pedestrians and more than 43,000 passenger cars daily. According to the Laredo Chamber, “[A]ny delay, no matter how small per entry, multiplies into major congestion.”<sup>16</sup> The Laredo Chamber estimates that at least 50% of local business is directly or indirectly tied to cross-border trade and traffic.

A recent study by Dr. Michael Patrick, Director for the Texas Center for Border Economic and Enterprise Development at Texas A&M University concluded that a 1% decrease in border crossings would cost the Laredo economy \$19 million in annual sales, and increase local unemployment by 7.2%. Sales taxes alone would decline by \$133,000. Across all of the major Texas ports, Brownsville, McAllen, Laredo, and El Paso a 1% decline in crossings would cost the border region \$76 million in sales and 1,500 jobs, and decrease the Gross State Product by \$1.2 billion.<sup>17</sup>

The Brownsville, Texas Chamber of Commerce reported an additional concern: Mexican citizens own approximately 50% of the resort condominiums at South Padre Island. Because the majority of Mexican border crossers hold so-called “laser visas,” Border Crossing Cards that also serve as visitor (“B-1/B-2”) visas that generally restrict their period of stay to 72 hours, the Chamber is extremely concerned that if border crossings become more difficult, many of these owners will divest of their real estate, costing the local economy millions of dollars. If the period of stay for “laser visas” is not extended, long border delays will limit the time that these vacationers can use their homes, making these investments less attractive.

The El Paso international bridges handle almost one-fifth of all trade along the U.S.-Mexico border, more than \$38 million in 2002. Local economists estimate between 15% and 20% of the city’s retail sales are derived from Mexican nationals.

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<sup>16</sup> Response to survey by Miguel A. Conchas, President and CEO of the Laredo Chamber of Commerce, February 2004.

<sup>17</sup> Patrick, Dr. Michael, “The Price of Security,” *Inlandport: The Laredo Chamber’s Business and Trade Magazine*, January/February 2004.

According to the Greater San Antonio Chamber of Commerce, Mexican nationals purchased approximately \$170 million in retail goods in San Antonio last year. Two major malls in the area report that as much as 35% of all sales go to Mexican nationals. Further, according to Visa International, San Antonio has the second largest usage of their credit cards by Mexican nationals in the United States (second to McAllen), with 8.29% of total U.S. purchases.

The Free Trade Alliance of San Antonio, the Greater San Antonio Chamber of Commerce and the communities of Brownsville, McAllen, Laredo, Del Rio, and El Paso have agreed to work together to address these issues. One common goal is to obtain a change to the limitation on the “laser visa” to allow Mexican nationals to stay for longer periods of time and to be exempt from US-VISIT enrollment, since they have already submitted to extensive background checks to obtain the cards, which contain the biometric identifiers required under the US-VISIT system.

### Washington

Whatcom County, Washington has four border crossings, Peace Arch, Pacific Highway, Lynden, and Sumas, accounting for more than 2 million crossings per quarter. The region had almost a one-third drop in crossings since the fall of 2002. While some of this continued the downward trend since the Canadian dollar weakened in the 1990s, it is worth noting that border activity has not increased in recent years as the Canadian dollar has strengthened.

A survey conducted by Western Washington University in the summer of 2003 revealed that Canadian shoppers make approximately 10% of all retail sales in Whatcom County, estimated at over \$35 million. In 2002 the total trading relationship between Washington and Canada was nearly \$11.3 billion. The Blaine, Washington border crossings are the sixth largest crossing in value of trade on the Canadian border at \$9.9 billion.

According to Department of Homeland Security estimates, an additional nine seconds of inspection time will result in over 700 additional minutes of cumulative vehicle wait time at the Blaine crossing.<sup>18</sup> Delays at the border after September 11 and during periods of heightened security alert have caused Canadian residents, particularly in the Vancouver metropolitan area, to believe that border crossing is a hassle. There is discussion in British Columbia of running commercials on Vancouver area television encouraging Canadians to return north. Canadian press has reported stories about US-VISIT expressing great concern that it will cause additional delays when implemented. The local chamber of commerce in Bellingham, Washington reports hearing very little about how the Department is intending to implement US-VISIT and is very eager for local community outreach.

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<sup>18</sup> Department of Homeland Security, US-VISIT Industry Day Briefing, July 2003, [http://www.dhs.gov/interweb/assetlibrary/USVISIT\\_IndustryConfBrief.pdf](http://www.dhs.gov/interweb/assetlibrary/USVISIT_IndustryConfBrief.pdf).

## Arizona

The Yuma County, Arizona chamber has concerns about the impact of US-VISIT on the more than 20,000 agricultural workers that visit daily at the San Luis Port of Entry during the agricultural season. Yuma is a county of 170,000 people in the southwest of the state called “the lettuce capital of the country” and depends on this agricultural workforce for its more than \$500 million agricultural industry. According to Ken Rosevear, Executive Director of the Yuma Chamber of Commerce:

It is extremely important that [these workers] are able to cross within a short window of time to be able to coordinate with the busses that transport them to their work areas. These areas may be as far as 50 miles and require another two hours of travel. Waiting times at the border during the season can reach 2+ hours and that delay can cause shortages for that day’s labor force in the fields....[T]hese delays can cost millions of dollars in lost revenue per day.<sup>19</sup>

According to the Yuma chamber, a new port of entry at San Luis East is in the early stages of development because of existing congestion at the port of entry, including a new highway to run from the port to Interstate 8. According to Mr. Rosevear, “As far as ability to absorb any further delay in either commercial, auto, or pedestrian traffic, absolutely NONE. This will bring total gridlock to our current port.”<sup>20</sup>

The Douglas, Arizona Chamber of Commerce reports similar concerns. Douglas estimates that more than 60% of its retail volume is from Mexican customers, and it underpins the entire local economy. Currently crossing times coming into the United States range from 20 minutes to 2 hours, with lines backing up more than 10 blocks into the town. This traffic backup creates air pollution problems. The regular crossers include employees of the more than 26 maquiladora plants across the border, and farm workers. These workers regularly cross the border each way daily, and sometimes several times.

The Nogales Chamber of Commerce reports that 80% to 90% of business in the town is tied to the border. The largest employers include the more than 300 maquiladora plants, produce companies, government agencies (most tied to the border) and merchants, who estimate that 80% of their revenue is from Mexican customers. Crossing times at the Nogales Port of Entry range from 20 to 40 minutes on average with longer waits during morning and afternoon commute times. According to Department estimates, a nine second increase in inspection times at the Nogales Port of Entry would result in an additional 500 minutes of vehicle wait time.<sup>21</sup> Of significance is the fact that the Nogales Chamber was not aware of US-VISIT or its pending implementation until informed by the U.S. Chamber. Apparently, there had been no outreach by the border agencies to the local Nogales business community.

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<sup>19</sup> Response to survey of border chambers, February 2004.

<sup>20</sup> *Ibid.*

<sup>21</sup> Department of Homeland Security, US-VISIT Industry Day Briefing, July 2003, [http://www.dhs.gov/interweb/assetlibrary/USVISIT\\_IndustryConfBrief.pdf](http://www.dhs.gov/interweb/assetlibrary/USVISIT_IndustryConfBrief.pdf).

### New York

The Watertown Chamber of Commerce recently conducted a study of the Thousand Islands bridge crossing. The Thousand Islands crossing, which connects Interstate 81 to Highway 404 in Ontario is one of the fastest growing travel routes between Ontario, Quebec and the U.S. southern and mid-Atlantic states and cities, handling more than 2 million passenger cars per year, and forecasting 80% increase in traffic in the next 30 years. What makes this crossing unusual is that almost two-thirds of crossings are for recreation, and 63% of the visits are for more than two nights. Commuter crossings dominate the other major ports of entry on the U.S.-Canada border. As a major gateway between the recreational areas of upstate New York and the “cottage” areas of Ontario and Quebec, Thousand Islands is potentially more susceptible to declines in crossings due to delays, as vacationers may choose to spend their holidays on their own side of the border. The crossing also accommodates more than 1,500 commercial vehicles daily, comprising \$29 million in trade per day, with more than 165,000 jobs in the U.S. and Canada dependent on this trade.

According to the Plattsburgh-North Country Chamber of Commerce, the total economic impact of Canada on the Clinton County, New York area, surrounding the Champlain/LaColle border crossing, is more than \$1.3 billion, including more than 14% of all county jobs, almost \$300 million in annual visitor spending on tourism and retail, and \$8.7 million in county sales tax generated. The Champlain/LaColle border crossing is the only crossing in the eastern half of the continent that does not cross water, and is currently undergoing a major expansion. Yet, still, at the height of the summer vacation season, backups at this crossing can be over two hours.

### California

The San Ysidro Port of Entry in California is the busiest border crossing in the world, processing over 40 million passengers and 15 million trucks and busses annually over the past three years. Its sister port at Otay Mesa, primarily a commercial port, handles more than \$20 billion in two-way surface trade annually, averaging more than 5 million vehicles and 11 million people crossing annually in the last five years.

According to the San Ysidro Chamber of Commerce, more than 60,000 people cross the border daily, and two-thirds of this volume are regular crossers, presumably workers. Inbound waits for crossing are often more than two hours, and the chamber estimates that if each car is stopped only 10 seconds longer more than nine hours of delay could result. In the days following September 11, businesses along Main Street in San Ysidro reported more than 90% lost business. Further, there is no infrastructure in place for exit inspections, and no room for expansion; the town of Tijuana starts literally adjacent to the port of entry. Even so, outbound traffic is often backed up more than one hour, even though Mexican customs usually waives most traffic through.

At Otay Mesa, the local chamber of commerce estimates that 95% of business in the town is generated by cross-border trade, both directly and indirectly, much of it the maquila industries that operate facilities on both sides of the border, including Sanyo, Honeywell, Hitachi, Parker Hannifin, and others. One of the main appeals of the area is the availability of a skilled, legal workforce that enters from Tijuana daily.

The El Centro Chamber of Commerce, located just north of the Calexico border crossing, is concerned with the impact on its retail economy. El Centro has a population of about 150,000, but the adjoining town of Mexicali has more than 500,000 “laser visa” holders. The local Costco and Wal-Mart retail outlets depend on this cross-border shopping, and ground has recently been broken on a large new regional mall with numerous national retailers to serve this Mexican market. Further, businesses in El Centro and farms throughout the Imperial Valley depend on Mexican labor. The El Centro chamber expressed concerns similar to the Yuma chamber of the impact of US-VISIT on the entry of agricultural workers to this vibrant growing center in California.

The Greater San Diego Chamber of Commerce reports that total sales to Mexican citizens represented \$3 billion in retail sales for San Diego in 2000 and 2001. After 9/11, increased border security resulted in decreases in sales of up to 80% for several months. The Greater San Diego Chamber of Commerce, along with the City of Chula Vista, the City of San Diego, the San Diego Association of Governments (SANDAG), San Diego Dialogue, San Diego Regional Economic Development Corporation, the San Diego World Trade Center, San Ysidro Business Association, San Ysidro Chamber of Commerce, and the South San Diego Economic Development Council, has formed the San Diego Alliance for Border Efficiency. One of its goals is to mitigate the impact of US-VISIT on southbound border congestion by ensuring the development of necessary infrastructure prior to implementation.

### Michigan

The Detroit/Windsor border crossings account for more than 27 million inspections annually and almost \$100 billion in trade. These crossings account for almost 40% of all U.S.-Canada trade, with the Ambassador Bridge being the single busiest border crossing along the northern border, handling 25% of U.S.-Canada trade itself. The automotive industry alone accounts for more than \$300 million of this daily trade. More than 160,000 jobs in Michigan and 1.8 million jobs nationwide are tied to the export of manufactured goods to Canada. Thirty-eight states and Puerto Rico have Canada as their primary trading partner, and half of U.S. exports to Canada are produced in 14 states. Of the passenger crossings, the majority of noncommercial crossings are locals. More than 10,000 people cross the border in Michigan to work, including more than 1,600 nurses in the city of Detroit. One hospital estimates that 15% of its nursing staff, and 20% of its critical care nursing staff, cross the border from Canada.<sup>22</sup>

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<sup>22</sup> Testimony of Dan Cherrin, former Director of Federal Public Policy of the Detroit Regional Chamber before the Standing Committee on Industry, Science and Technology of the Parliament of Canada, November 1, 2001.



The efficiency of these border crossings is extremely fragile. Following the September 11 attacks, additional security at the Detroit border crossings resulted in 20 mile delays on the Canadian side, taking five hours to enter the U.S. However, delays as little as 20 minutes for just-in-time parts deliveries can result in assembly line shutdowns, increased costs to reroute trucks or ship cargo by rail, barge, or air, and create emergency inventory stockpiles (the exact costs that just-in-time was supposed to replace).

In a June 1998 Senate Judiciary Report on the original entry-exit system proposed by Section 110 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, Dan Stamper of the Detroit International Bridge Company is cited as estimating that additional entry and exit procedures that would add only 30 seconds per vehicle (for only half of the daily crossings) would still add 3,750 minutes of extra processing time per day. Since there are only 1,440 minutes in a day, this effect would essentially shut down the border. In a February 26, 2004, letter to the Detroit Regional Chamber, Neal Belitsky, Executive Vice President of the Detroit & Canada Tunnel Corporation (which operates the Detroit-Windsor Tunnel), stated:

Our facility is typical of those at the other major crossings between Michigan or New York and Ontario. The Bridge & Tunnel Operator's Association (BTOA) represents these crossings. Plazas were not designed for today's traffic volumes or the post 9-11 environment....We are concerned that the system may not be fully field tested prior to installation. This could lead to significant disruptions in cross border traffic and trade. Has an assessment been completed that will indicate both anticipated volumes and risk?"<sup>23</sup>

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<sup>23</sup> Letter to Claudia Berry, Public Affairs Group, Detroit Regional Chamber of Commerce, from Neal Belitsky, Executive Vice President, Detroit and Canada Tunnel Corporation, February 26, 2004.